

- Pierre-Nicolas Perrée-Duhamel
- Jacques-Florent Robillard
- Jean-Conrad Hottinguer

These high bankers were deeply involved in the agitations leading up to the French Revolution. When the revolutionary violence got out of hand, they orchestrated the rise of Napoleon, whom they regarded as the restorer of order. As a reward for their support, Napoleon, in 1800, gave the bankers a monopoly over French finance by giving them control of the new Bank of France (Banque de France).^[5] Banker Claude Périer drafted the first statutes and Emmanuel Crétet was the first governor. For the first fifteen years it was the sole issuer of bank notes in Paris, and this privilege was extended to other financially important cities and the rest of the country by 1848.^[6]

The Bank was also instrumental in the creation of the Latin Monetary Union (LMU) in 1865. The countries of France, Belgium, Italy, and the Swiss Confederation established the LMU franc as a common bimetallic currency.

In World War I, the Bank sold short-term Treasury bonds abroad to help pay for wartime expenditures. France abandoned the gold standard shortly after the outbreak of war. Debts amounted to approximately 42 billion francs by 1919. Following the war, the Bank sought to re-establish the gold standard and acquired capital from a number of American and British banking syndicates to defend the franc from exchange-rate fluctuations. The Bank also began to hoard gold reserves and, at its peak, held 28.3 percent of the world's gold stock (only behind the United States at 30.4 percent). Some scholars have asserted that this gold accumulation was a contributing factor to the Great Depression.^{[7][8][9]} Under Émile Moreau, Governor from 1926 to 1930, the Bank consolidated gold reserves created a stabilization insurance fund (*fonds de stabilisation*), and tested new monetary policies in the wake of a global depression.

In World War II, the Bank oversaw the transfer of gold reserves overseas, which mainly included Canada, the United States, and the French overseas territories. In 1945, the Bank was nationalized by Charles de Gaulle and became a state-owned institution. Existing shareholders received bonds to replace their shares in the company.

In 1993, the Bank of France was again reformed when it obtained independence from the state. It sought to establish credibility by promising to adhere to the single mandate of price stability. Jean-Claude Trichet, Governor from 1993 to 2003, was the final Governor of the Bank until the establishment of the European Central Bank (ECB) in June 1998. Today, the ECB sets monetary policy and oversees price stability for all countries in the Eurozone, including France.

European System of Central Banks

On 1 June 1998, a new institution was created, the European Central Bank (ECB), charged with steering the single monetary policy for the euro. The body formed by the ECB, and the national central banks (NCB) of all the member states of the European Union, constitute the European System of Central Banks (ESCB). According to the Maastricht Treaty, the Bank would oversee the functioning of the payment system and conduct independent research on the French economy, while the newly established European Central Bank conducted monetary policy for the entire Eurozone. The French franc was replaced by the Euro on 1 January 1999.

Following the financial crisis of 2007-2008, the Bank of France implemented quantitative easing for the account of the ECB.^[10]

In 2010, the French government's Autorité de la concurrence (the department in charge of regulating competition) fined eleven banks, including Bank of France, the sum of €384,900,000 for colluding to charge unjustified fees on check processing, especially for extra fees charged during the transition from paper check transfer to "Exchanges Check-Image" electronic transfer.^{[11][12]}

The Bank recently established a "Lab", located on the Rue Réaumur in Paris, where start-ups and small businesses work on blockchain, artificial intelligence, and virtual reality. The Bank is the first to set up a blockchain system.

Timeline

- 1800, creation of the Bank of France by Napoleon Bonaparte^[5]
- 14 April 1803, the new Bank received its first official charter granting it the exclusive right to issue paper money in Paris for fifteen years.^[13]
- 22 April 1806, a new law replaced the Central Committee with a Governor and two Deputy Governors. All three were appointed by the Emperor.^[13]
- Decree dated 16 January 1808, set out the "Basic Statutes", which were to govern the Bank's operations until 1936.^[13]
- Decree on 6 March 1808, authorized the Bank to purchase the former mansion of the Count of Toulouse in the rue de la Vrillière in Paris for its headquarters.^[13]
- 1808–1936, the Bank's notes became legal tender; expansion of the branch network
- 1936–1945, nationalisation
- 1973, rewriting of the Bank's statutes
- 1993, a reform granted the Bank independence, in order to ensure price stability, regardless of domestic politics. This reform cleared the path for the European monetary union.
- 1998, entered into the European System of Central Banks
- 2002, Implementation of the Euro bank notes and coins in France
- 2003, Christian Noyer becomes governor of the Bank of France
- 2008, implements quantitative easing to manage the financial crisis
- 2015, François Villeroy de Galhau replaces Christian Noyer. The Bank distributes dividends to the French state of 4.5 billion euros in 2016, 5.0 billion euros in 2017 and 6.1 billion euros in 2019.

Management of the Covid-19 crisis

With the onset of the Covid-19 pandemic and the ensuing economic crisis, the Eurosystem resolved to inject €3 trillion of liquidity into banks, allowing them in turn to support households and businesses, particularly with regard to urgent cash flow needs.^[14] In addition to membership in the Eurosystem, the Banque de France is in charge of credit mediation.^[15] This service, which has been in very high demand during the crisis, provides assistance to companies facing difficulties in their relations with financial institutions. The Banque de France manages procedures to resolve overindebtedness, and while its premises are no longer open to the public, requests continue to be processed.^[14]

Activities

The Bank of France is responsible for three missions: monetary strategy, financial steadiness and services to the



ATM of the Bank of France in Paris.

economy.^{[16][17]}

Monetary strategy

The Bank of France contributes to the design of the monetary policy of the euro zone (through macroeconomic research and forecast and by taking part in the deliberations on ECB decisions) and implements it in France.

It is also the guardian of currency: it prints euro bank notes (it is the largest printer of euro notes) and manages the circulation of bank notes and coins. It also participates in the fight against counterfeit money, by training bank employees, merchants, police, etc.

The Bank of France establishes France's balance of payments and manages part of the foreign exchange reserves of the ECB.

Financial steadiness

The Bank of France is responsible for overseeing the French financial sector, through its subsidiary ACPR (Autorité de Contrôle Prudentiel et de Résolution). It assesses risks and weaknesses of the financial system (in 2018, the French financial sector is composed of 777 banks and 827 insurance and mutual insurance companies).

It also monitors payment systems and means, and publishes the Financial Stability Review (*Revue de la Stabilité Financière*).

Services to the economy

The Bank of France provides services to households, businesses and the French state.

Households

The Bank of France is in charge of offering services households in severe financial difficulty. This includes the management of over-indebtedness (one of the major tasks of the local branches of the bank), and the guarantee to an access to basic banking services for everyone, such as the right to a basic bank account.

It is also in charge of financial and economic education of the general public, by developing an economic culture among specific populations (like youngsters and households in severe financial difficulty). This includes sensitizing high school students, providing online information and educational services, training social workers and the launch of the French Cité de l'économie et de la monnaie (Citéco), a museum based in the 17th district of Paris, in 2019.

Businesses

The Bank of France provides company ratings for non-listed companies, which can for instance be used by business leaders to obtain credit from their bank. It also manages credit mediation (mediation between companies and their banks, their credit insurers, etc.) and proposes support to very small businesses (advice for their development and needs). The Bank of France publishes a number of economic surveys, national and regional statistics, destined to businesses.

Governance

The governor of the Bank of France is appointed by the president and is, as of 2019, François Villeroy de Galhau, since 1 November 2015. He presides over the Bank's General Council, the body responsible for deliberating on all matters relating to non-Eurosystem activities. The first deputy governor is Denis Beau and the second deputy governor is Sylvie Goulard.

Key figures

In 2019, the main key figures of the Bank of France are as follows:^[18]

- Number of full-time employees: 9,857
- Regional branches: 95
- Profit before tax : 6.5 billion euros
- Dividend distributed to the French state : 6.1 billion euros
- Gold reserves: 106.1 billion euros
- Gold stock in France: 2,436 tons

See also

- Economy of France
- Euro
- French franc
- Governor of the Bank de France

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External links

- (in French and English) Official site of Bank of France (http://www.banque-france.fr/)
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